

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

-----X  
SHEA DEVELOPMENT CORP., BRAVERA, INC., :  
and IP HOLDING OF NEVADA CORP., :

Plaintiffs, :

v. :

CHRISTOPHER WATSON and ELIZABETH :  
ANNE CONLEY, :

Defendants. :  
-----X

Civil Action No. 07-CV-11201 (DLC)

**DECLARATION OF DEFENDANT CHRISTOPHER WATSON**

CHRISTOPHER WATSON, the undersigned, hereby declares and says:

1. I am Christopher Watson and have been named as a Defendant in this action. I respectfully submit this declaration in opposition to plaintiffs' motion to enforce settlement and for sanctions and in further support of defendant's motion to enforce the terms of the July 10, 2008 settlement and to award me the costs and attorney's fees incurred since July 11, 2008 as a result of plaintiff's unconscionable efforts to thwart the settlement.

2. I hereby incorporate by reference my August 14, 2008 Declaration submitted in support of the motion to enforce the terms of the settlement and award me costs and attorney's fees incurred since July 11, 2008. I submit this additional declaration to counter certain false statements in Mr. Francis Wilde's declaration opposing the instant motion.

3. I also submit this declaration to request that this Court issue an Order on the instant motion as soon as reasonably possible because resolution of this motion could impact processing of disaster claims for the Federal Emergency Management Agency ("FEMA"), a

division of the United States Department of Homeland Security.

4. On July 10, 2000, I personally appeared before the Hon. Gabriel W. Gorenstein at a settlement conference. At no time in open court in my presence did Francis Wilde state that he had instructed his employees of Shea Development Corp., Bravera Inc. or IP Holdings of Nevada Corp. (collectively, "Shea") to wipe the source code and software from the business equipment in response to letters from my former attorneys. Indeed, as explained to the Court, I had requested that Shea deliver certain business equipment as part of the settlement precisely because it contained source codes and other intellectual property owned by my company, Intellectus LLC ("Intellectus"). When this was explained to the Court, Mr. Wilde exclaimed that he did not want Intellectus' source code or any of its derivative intellectual property. Shea's delivery of the equipment "wiped clean" is a clear breach of the settlement agreement.

5. Furthermore, for the following reasons, I request that the Court issue an Order resolving the instant motion as soon as reasonably possible.

6. Presently, Shea is processing a portion of the national disaster claims for FEMA.

7. On October 1, 2008, Intellectus, operating under a recently awarded Homeland Security Contract HSFEHE-0149, will assume responsibility for inbound processing of all FEMA disaster claims and will also be responsible for outbound printing of disaster claims forms and other materials of vital urgency to disaster claims victims.

8. Intellectus is working to transition the processing of federal disaster claims from Shea and other entities to Intellectus. Shea's performance of all terms under the Settlement Agreement is critical to the smooth transition. This transition formed a key part of why I and my companies agreed to significantly compromise and accept far less compensation than what Shea owed. In this respect, payment of the sums due under the Settlement Agreement, as well as

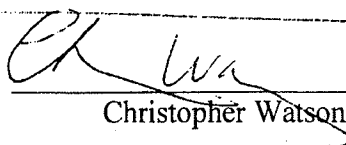
delivery of all the business equipment and the release of the non-competes described in the Settlement Agreement, will facilitate the transition of the FEMA disaster claim processing to Intellectus.

9. Currently, the United States is operating under multiple disaster declarations and more federal declarations of national emergency are expected as a result of hurricane activity. Thus, Shea's activities in violating the Settlement Agreement could impair Intellectus' responsibility for inbound processing of disaster claims.

10. In addition to violating the settlement reached on July 10, 2008, Shea's contumacious behavior has posed a very real and urgent threat to the processing of disaster assistance claims nationwide.

11. Based upon the foregoing, as well as all other papers submitted in support of this motion, I respectfully request that the Court issue an Order directing Plaintiffs to comply with the July 10, 2008 Settlement Agreement by dates certain and awarding me my attorneys fees incurred since July 11, 2008.

I declare that the foregoing is correct under the penalties of perjury. Executed this 8th day of September 2008.

  
Christopher Watson

AFFIDAVIT OF SERVICE VIA UPS OVERNIGHT

Regina Cajigas, being duly sworn, deposes and says, that deponent is not a party to the action, is over 18 years of age and resides at Brooklyn, NEW YORK.

That on the 8th day of September, 2008, deponent served the within **DECLARATION OF DEFENDANT CHRISTOPHER WATSON**

upon

Michael E. Twomey (MT 7839)  
Twomey, Hoppe & Gallanty, LLP  
757 Third Avenue  
New York, New York 10017

Monica McCarroll  
Williams Mullen, PC  
1021 East Cary Street, 17th Floor  
Richmond, Virginia 23219

Brendan J. Dowd  
O'Melveny & Myers LLP  
Times Square Tower  
7 Times Square  
New York, New York 10036

attorneys in this action, at the addresses designated by said attorneys for that purpose by depositing a true copy of same enclosed in a postpaid properly addressed United Parcel Service overnight mail wrapper, under the exclusive care and custody of United Parcel Service.

  
Regina Cajigas

Sworn to before me this  
8th day of September, 2008

  
Notary

JELENA BRIGIDA  
Notary Public, State of New York  
No. 01BR6156932  
Qualified in Kings County  
Commission Expires Dec. 4, 2010

NOTICE OF ENTRY

PLEASE take notice that the within is a (*certified*) true copy of a duly entered in the office of the clerk of the within named court on

Dated,

Yours, etc.

LANDMAN CORSI BALLAINE & FORD P.C.

Attorneys for

Office and Post Office Address  
120 Broadway  
NEW YORK, N.Y. 10271-0079

To

Attorney(s) for

NOTICE OF SETTLEMENT

PLEASE take notice that an order

of which the within is a true copy will be presented for settlement to the Hon.

one of the judges of the within named Court, at

on

at

M.

Dated,

Yours, etc.

LANDMAN CORSI BALLAINE & FORD P.C.

Attorneys for

Office and Post Office Address  
120 Broadway  
NEW YORK, N.Y. 10271-0079

To

Attorney(s) for

Index No. 07-CV-11201 (DLC) (GWG) Year

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Defendants.

DECLARATION OF DEFENDANT CHRISTOPHER  
WATSON

Signature (Rule 130-1.1-a)

Print name beneath

LANDMAN CORSI BALLAINE & FORD P.C.

Attorneys for DEFENDANT

Office and Post Office Address, Telephone

120 Broadway

NEW YORK, N.Y. 10271-0079

(212) 238-4800

FAX: (212) 238-4848

To

Attorney(s) for

Service of a copy of the within is hereby admitted.

Dated

Attorney(s) for